

May 4, 2012

VIA USPS Stephanie L. Beckhorn Manager, WIA Section Workforce Development Agency 201 N. Washington Square Lansing, MI 48913

VIA USPS Joseph G. Kuspa Mayor 14400 Dix-Toledo Rd Southgate, MI 48195

VIA USPS Robert A. Ficano Wayne County Executive 500 Griswold, Seventh Floor Detroit, MI 48226 AECEW D

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WIA
WORKFORCE PROGRAMS

Re: Conditional Notice Pursuant to the Worker Adjustment and Retraining Notification Act

Dear Ms. Beckhorn:

Hostess Brands, Inc. (including its affiliate Interstate Brands Corporation, "Hostess" or the "Company") filed for chapter 11 relief on January 11, 2012 (the "Filing"). The Company has been actively engaged in discussions with various lenders and potential purchasers regarding Hostess' restructuring both before and after the Filing. Our primary focus is to complete our restructuring of the Company and emerge from chapter 11 as a viable company. However, it is possible that, despite our best efforts, certain events may occur that would require Hostess to sell all or portions of its business and/or wind down its operations and liquidate.

Despite the uncertainty of what may happen, the federal Worker Adjustment and Retraining Notification Act and certain related State statutes (collectively, "WARN") generally require employers to provide advance notice in the event of certain covered employment actions. To comply with any WARN obligations Hostess may have, this letter is intended to give you conditional notice that, based upon the best information reasonably available to Hostess at this time, it is possible that one of the following events may occur:

- The board of directors authorizes, or seeks court authorization for, the pursuit of a sale of all or a substantial portion of all of Hostess' assets;
- The board of directors authorizes, or seeks court authorization for, Hostess to stop pursuing the restructuring of its business;
- More than 20% of Hostess' aggregate workforce is laid off after January 11, 2012;
- Hostess receives an unsatisfactory resolution of its pending motion before the bankruptcy court regarding certain modifications to its collective bargaining agreements with the Bakers and/or the Teamsters;
- There is a strike, walkout, lockout, slowdown or other work stoppage that is likely to have a material

adverse effect on Hostess; or

Hostess seeks bankruptcy court approval to commence a sale of property while in bankruptcy which
accounts for more than 20% of Hostess' consolidated net sales as reported on Hostess' financial
statements for the twelve-month period preceding January 11, 2012.

If one of these events occurs, Hostess may begin the process of permanently ceasing operations, and significantly scaling down operations at its Southgate MI - 14750 Fort St located at 14750 Fort Street, Southgate, MI 48195-1217, as early as 60 days from the receipt of this notice. In such an event, Hostess currently expects substantially all employee separations to occur within 60 days of the receipt of this notice or within a 14-day period thereafter. At the end of this process, the entire Southgate MI - 14750 Fort St would be permanently closed. There will be no bumping rights available to employees in this circumstance.

A listing of the job titles of the positions that we would expect to be affected, and the names of the employees in each of those job classifications is attached as Attachment A.

Some of the affected employees are represented by one of the twelve unions listed below. The chief elected union officers and their addresses are:

James P. Hoffa General President International Brotherhood of Teamsters 25 Louisiana Avenue, N.W. Washington, D.C. 20001

Frank Hurt International President Bakery, Confectionery, Tobacco Workers, and Grain Millers International Union 10401 Connecticut Avenue Kensington, MD 20895-3951

John P. Ryan International President Glass, Molders, Pottery Plastics & Allied Workers International Union 608 E. Baltimore Pike Media, PA 19063-1735

Thomas Buffenbarger President International Association of Machinists and Aerospace Workers 9000 Machinists Place Upper Marlboro, MD 20772-2687

George J. Francisco, Jr.
President
International Brotherhood of Fireman and Oilers
1900 L. Street NW, Suite 502
Washington, DC 20036

Vincent J. Giblin General President International Union of Operating Engineers 1125 17th Street, NW Washington, DC 20036

Michael Malecki President United Brotherhood of Carpenters Millwright and Mill Cabinet 101 Constitution Ave NW, 10th Floor Washington, D.C. 20001

Michael Goodwin President Office and Professional Employees International Union 265 W. 14th Street, Suite 610 New York, NY 10011

Stuart Appelbaum President Retail, Wholesale, and Department Store Unions 30 East 29th Street New York, NY 10016

Ron Gettelfinger President United Automobile, Aerospace & Agricultural Implement Workers of America 8000 East Jefferson Avenue Detroit, MI 48214

Joseph C. Hansen President United Food and Commercial Workers International Union 1775 K Street, NW Washington, DC 20006

Leo W. Gerard International President United Steelworkers of America Five Gateway Center Pittsburgh, PA 15222

Hostess has sent notice to the International Presidents of the above-listed unions and provided copies to their Local Business Agents.

Again, our primary focus is to complete our restructuring and emerge from chapter 11 as a viable Company. If you have any questions, or would like further information, please contact our AskHR call center at 1-800-Hostess (1-800-467-8377).

Very truly yours,

Christopher J. Knipp